Weekly Economic Review

Earnings growth moderates

Average Weekly Earnings

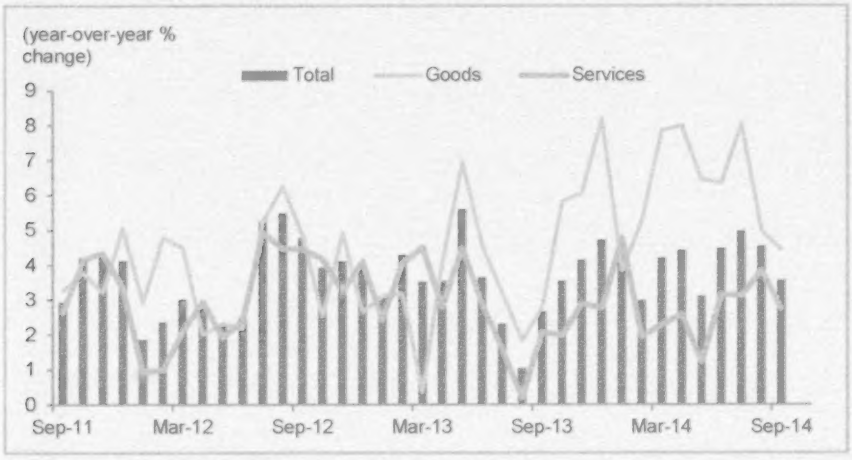
Earnings dip, but remain well above last year

Average Weekly Earnings (AWE) in Alberta dipped on a monthly basis (m/m) to $1,151 in September, returning to the same level as in May and June. The monthly decline was almost entirely the result of lower earnings in the goods-producing industries (-1.4% m/m), including a 4.8% decrease in mining, oil and gas earnings. Despite the monthly dip, AWE growth in goods-producing industries remains strong at 4.4% year-over-year (y/y) and 6.1% year-to-date. Earnings growth in the service-producing industries was relatively flat on a monthly basis in September and up a modest 2.7% y/y. Overall, AWE growth moderated to 3.6% y/y, its lowest growth rate since May.

Nationally, AWE was $942 in September, up 3.4% y/y, the second highest growth rate this year.

Chart 1: Earnings growth pulls back

Average Weekly Earnings in Alberta



Source: Statistics Canada

Retail Sales

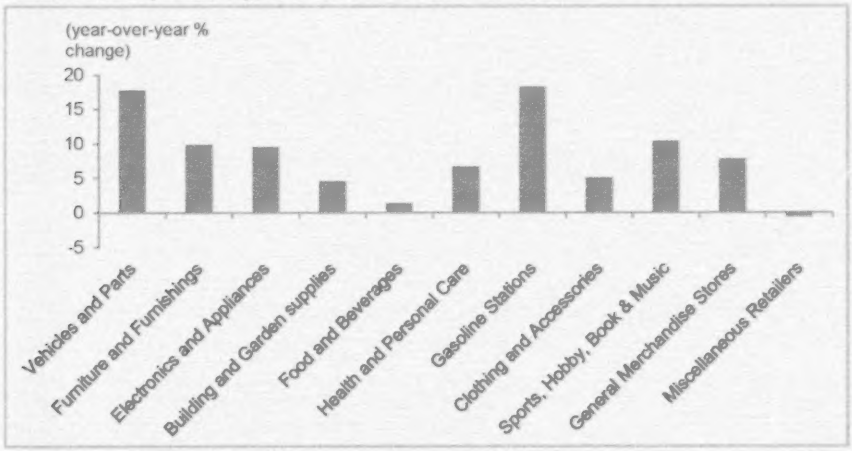
Sales post broad-based growth

Alberta's retail sales continued to post strong broad-based gains, hitting $6.7 billion in September, up 1.0% from August and 7.4% y/y. Gasoline station sales (+18.2% y/y) recorded their 11th consecutive month of double digit growth, an indication of persistent activity in the province. Motor vehicle and parts dealers also fared well, growing by 17.8% y/y. All major industry categories except for miscellaneous retailers posted growth in September. Year-to-date, retail sales are up a strong 8.4%.

National retail sales for August were $42.8 billion in September, up 0.8% from August, and 4.5% y/y. Alberta led the provinces in retail sales growth.

Chart 2: Retail sales continue to post broad-based growth

Retail Sales by Store Type*



Source: Statistics Canada

* Retail sales by store type is seasonally unadjusted

Rail Transportation

Rail traffic flat in September

The number of railway carloadings from western Canada was relatively flat in September compared to a year ago. Fuel oils and crude oil carloadings continued solid growth this year, up 41.5% y/y, but were offset by crop carloadings. Wheat carloadings (-5.1% y/y) decreased for the first time since

January but remain up 30.5% over the first three quarters of the year. Canola carloadings (-17.4% y/y) fell for the first time since February, but remain up an impressive 52.5% year-to-date. Over the first three quarters of the year, total non-intermodal carloadings are up 6.5%.

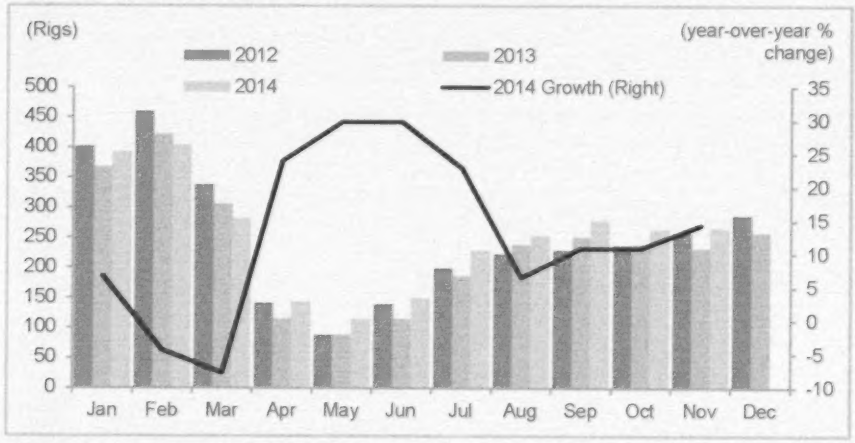
Rigs Drilling

Activity climbs

The average number of rigs drilling in Alberta have yet to show any ill effects from the lower energy price environment, growing by 14.3% y/y in November to 266 rigs. This was the highest November rig count since 2011. After eleven months of data, rig activity is up 8.4% so far in 2014.

Chart 3: Rig count moves higher despite lower prices

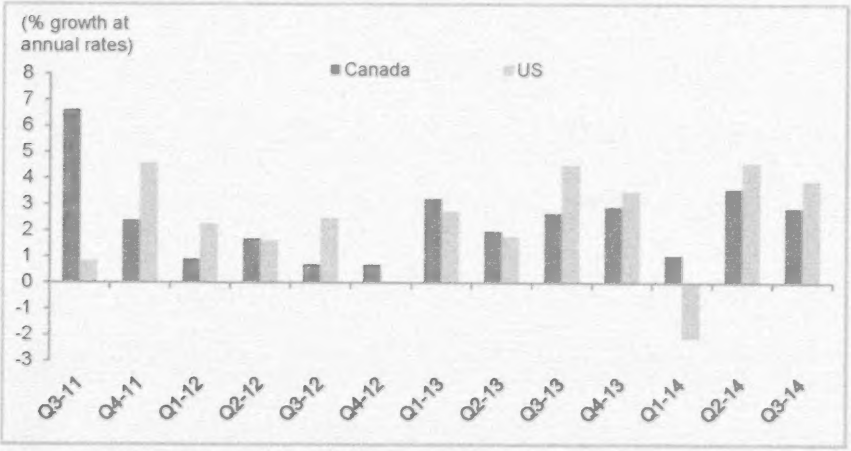
Rigs Drilling and Growth in 2014



Source: Canadian Association of Oilwell Drilling Contractors

Chart 4: Strong third quarter growth in North America

Quarterly GDP by Expenditure



Sources: Statistics Canada and US Bureau of Economic Statistics

Farm Cash Receipts

Livestock lead growth

Alberta farm cash receipts in the third quarter totalled $3.1 billion, up 18.5% from the same period a year ago. Most of the increase was due to a 41% increase in cattle sales, with price increases accounting for much of the gain. The stock of cattle in North America has fallen to 30-year lows giving support to prices. Receipts from canola were up almost 40% y/y, but just 0.7% year-to-date. Crop sales in general have suffered from lower prices, with both canola and wheat prices down significantly over last year.

Canadian Economy

Economy continues to improve

Canadian real GDP increased by 2.8% (annually) in the third quarter, adding to the strong growth posted in the second quarter (3.6%). Growth was anchored by gains in household purchases (2.8%), strong exports (6.9%) and investment in residential structures (12.5%). Export growth outpaced import growth (4%) for the fourth straight quarter, helping to improve Canada's international trade balance. Canadian exports likely benefited from building strength in the US economy, as third quarter real GDP was revised up to 3.9% south of the border.

OPEC announcement

World oil prices sink

Crude oil prices dropped by almost US$5/bbl to under US$70/bbl on Thursday, the lowest levels since 2010, after OPEC members kept production levels unchanged despite the supply glut in global oil markets. Brent crude oil had steadied at around US$73/bbl as of Friday morning.

Contact

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.